



INVESTOR PLACE

7 HYPERSCALE STOCKS TO BUY NOW

LUKE LANGO

How to make a billion dollars in one year

In February 2014, a small San Francisco-based company introduced a new communication tool that was part email, part instant messaging, and all worldwide hit.

The tool's official name is “**S**earchable **L**og of **A**ll **C**ommunication and **K**nowledge.”

But vast numbers of people all over the world call the tool “**Slack**.”

Since the early days in 2014, Slack has become one of the world's most popular software programs. If you're one of the few people that haven't used it, just know that it combines the best of email and instant messaging.

Like email, Slack allows you to send messages to groups of people. But unlike email, Slack keeps easy-to-access archives of communication threads (called “*channels*”), which can be grouped according to teams, projects, and topics. A Slack user might have four different Slack channels he or she uses to advance four different projects.

Slack's innovative design streamlines communication between workers. For many people, Slack replaces email because it's a much quicker, easier, and less-convoluted way of communicating with people you work with.

People like quick, easy, and less convoluted... so much so that Slack's users base grew from 16,000 in 2014 to **12 million by 2019**. Today, the platform is used by more than half of Fortune 100 companies.

Of course, on its march toward global enterprise ubiquity, Slack has turned into a billion-dollar tech company.

By itself, that market value is not unusual. There are hundreds of billion-dollar companies in the world.

But... what's **very unusual** is the speed at which Slack turned into a billion-dollar tech “unicorn,” as they call it in Silicon Valley.

Slack publicly launched its communications app in February 2014. In October of that same year, the company raised \$120 million at a \$1.1 billion valuation.

In other words, **Slack turned into a billion-dollar tech company in just eight months**.

Fifty years ago, this kind of “lightspeed” business growth was unheard of... It typically took businesses over a decade to reach a \$1 billion market valuation, and it often required the work of over 20,000 people.

But the time and resources it takes for hypergrowth businesses to scale has consistently shrunk in the digital era:

In 1998, search giant Google hit a billion-dollar valuation in eight years.

In 2004, social media platform Facebook reached unicorn-status in just five years.

In 2009, ride-hailing pioneer Uber did it in just three years.

In 2012, virtual reality startup Oculus hit a billion-dollar valuation in under two years.

By 2014, Slack reached that same milestone in just *eight months*, with less than a hundred employees.

It's like a countdown clock – from 8 to 5 to 3 to 2 – and it's only continued to *speed up in recent years*.

In 2017-18, scooter-sharing company Bird went from wheels on the ground in Santa Monica to billion-dollar valuation in nine months. App developer APUS Group scored a billion-dollar valuation in just seven months in 2014. Jet.com – an e-commerce startup – went from zero to a billion-dollar valuation in just four months in 2015.

Illumio. Rong360. BeiBei. Uptake. All of these companies belong on the increasingly long list of tech companies that have gone from \$0 to \$1 billion in less than a year.

The time and resources it takes for companies to grow and scale has dramatically shrunk over the past decade. It's inarguable, and **it's one of the biggest seismic shifts in human history**, mostly because it means, as an investor, you can score enormous returns faster than ever before.

At the root of this seismic shift toward billion-dollar valuations in just one year is something we like to call **“hyperscalability”** – the most important economic concept you've never heard of.

Hyperscalability Enables Life-Changing Wealth Opportunities in Just Months

Investors and entrepreneurs in Silicon Valley are obsessed with scalability... for good reason.

A business must be “highly scalable” for it to grow large in a short time

Scalability is the ability of a business to massively and rapidly grow revenues while minimally growing the costs associated with producing those revenues.

In the old days, businesses made one product and sold it to one customer.

Ford made one car and sold it to one car buyer.

McDonald's made one burger and sold it to one diner.

Coca-Cola made one drink and sold it to one thirsty person.

These legacy, “one-to-one” business models are not very scalable.

Each new car Ford sells, is accompanied by an increase in manufacturing costs to make that car. Each new burger McDonald's sells, is accompanied by an increase in labor and food costs to make that burger. Each new drink Coca-Cola sells, is accompanied by an increase in product costs to make that drink.

The shortcomings of one-to-one business models are rooted in the fact that they are physical businesses, and the physical goods that they sell can only be purchased by one customer.

The internet is turning these unscalable business models on their head, and rushing in a new era of highly scalable, “**one-to-many**” business models.

In these business models, businesses make one digital product or service, and – because digital products and services can be accessed by multiple parties at the same – sell that single product or service to multiple customers.

Salesforce makes one customer relationship management software platform, and it sells it to thousands of enterprises.

Facebook makes one digital ad platform and sells it to thousands of advertisers.

Amazon makes one cloud-computing service and sells it to thousands of companies.

This “one-to-many” business model allows for extreme scalability because, every time Salesforce attracts a new customer, the company doesn't have to make a new product for that customer. Instead, Salesforce simply sells the new customer an existing product, meaning **revenues go up** and **costs stay low**.

This is scalability... extreme scalability... enabling companies to grow at breakneck speeds even the '90s most forward-thinking tech enthusiasts thought this was entirely impossible.

It's a total game-changer that we call “**hyperscalability**” – and it's happening all around you, all the time, unlocking life-changing wealth opportunities in the blink of an eye.

Thanks to hyperscalability, cloud communications platform Twilio went from a sub-\$5-billion valuation to a \$50-plus billion valuation in just two-and-a-half years...

Digital payment solutions provider Square did the same in about four years.

Video teleconferencing giant Zoom did it in about three years.

E-signature solutions company DocuSign did it in just two years.

Enterprise collaboration software provider Atlassian did it in four years.

E-commerce solutions giant Shopify accomplished it in four years, too.

The list goes on... indeed, it's so long and so important that we've put together our own proprietary **Hyperscale 30 Index**, which is a basket of stocks that broadly comprises 30 of the strongest hyperscale stocks in the market today.

The index includes names like Adobe, the hyperscalable creative media software provider turned \$230 billion titan of industry...

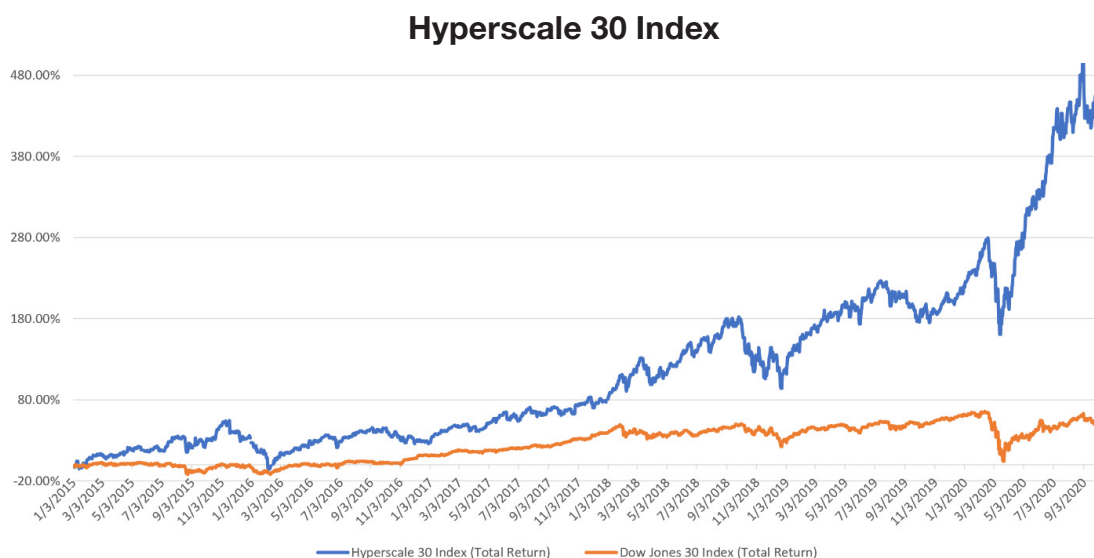
And Salesforce, the hyperscalable CRM software provider growing revenues at a steady 30% clip...

And Alteryx, the hyperscalable data analytics platform which operates at 90%-plus gross margins.

The Hyperscale 30 Index was crafted to be the quintessence of hyperscalability.

And the results speak for themselves.

From early 2015 to late 2020, our Hyperscale 30 Index outperformed the **S&P 500** by a factor of **8.5X**, rising 463% to the market's 55% gain.



Important note: Notice how the gap between the blue line and orange line is widening as time goes on?

Yeah, that's thanks to the compounding growth effects we talked about earlier that are innate to hyperscalable companies. And thanks to this compounding growth effect, that gap is only going to widen at an accelerated pace in the 2020s.

In a nutshell, the buy case for hyperscale stocks is simple: **Put your portfolio on the same trajectory as that blue line** while everyone else is stuck on the orange line.

But you can't just buy any old hyperscale stock in the market...

You have to buy the best hyperscale stocks before the market realizes they are big winners.

That's the hard part. Combing through the market. Separating the winners from losers. Picking only the best of the best in the hyperscale world.

Fortunately, we've done all that work for you, and have put together a list of the best hyperscale stocks to buy for 2021 and beyond, all of whom have **visible paths to 10X returns** in just a few years.

Your Next Big Win Could Be the “Amazon of Education”

In July 1995, Jeff Bezos launched Amazon.com as an online bookstore, with a promise to revolutionize the \$20 trillion global retail industry.

Twenty-five years later, **Bezos has done just that.**

Amazon has not only become the world's most disruptive retailer in 2020, but also its most valuable one, too, with a market cap of \$1.7 trillion...

How did Bezos do it?

By making shopping **digital** and **on-demand** through a hyperscalable e-commerce business model.

The core belief of Amazon in 1995 was that you win by making things easy for the customer. In shopping, “easy” is the ability to shop for *whatever you want, whenever you want, wherever you want*.

Amazon enabled customers to do just that, by creating an online one-stop-shop that was always open... and it worked... about as good as anything has ever worked.

Why am I telling you all of this?

Because the Amazon recipe for success – making things digital and on-demand – *isn't exclusive to shopping*.

It applies everywhere.

Netflix did it in the media world. Facebook did it in the communications world. Salesforce did it in the enterprise tools world.

And now, one small-cap technology company is doing it in the education world, with a chance to turn into the Amazon of education over the next decade.

Best of all, this hyperscale stock appears optimally positioned to rocket 10X higher over the next few years.

At this point, I'd like to introduce you to **Chegg (CHGG) – A \$100 billion-plus digital education giant in the making.**

Not quite a household name – but getting there – Chegg is a \$10 billion digital education company that has a very simple purpose: create a digital and on-demand connected learning platform with multiple value-enhancing services that, in sum, make the learning process easier, quicker, and more convenient for students across the globe.

Sound familiar? It should.

Swap out “connected learning” with “retail,” “learning” with “shopping,” “students” with “consumers,” and *voilà*, you have Amazon.com’s mission statement.

Just as Amazon revolutionized retail over the past decade, Chegg is going to revolutionize education over the next decade.

There are three big ideas behind the Chegg bull thesis.

First, the education world is finally starting to digitize at scale.

This is partly because of the Covid-19 pandemic, which has shuttered schools across the globe and forced students onto online learning platforms like Chegg.

But it's mostly because the new generation of high school and college students were born between 1998 and 2006 – i.e., they don't know what it's like to *not* have the internet, and naturally, are demanding digital, on-demand education models.

Second, Chegg is rapidly expanding its value proposition to students.

At first, this was just a textbook rental company. Now, Chegg is that, *and* it offers online homework solutions, on-demand tutoring services, test prep, writing help, a math solver, virtual flashcards, expert Q&A, video tutorials, an internship finder, and a skill-based bootcamp with newly acquired Thinkful.

In other words, Chegg has gone from an unscalable textbook rental company with limited value, to a hyperscalable, all-in-one, virtualized student resource center with infinite value.

Third, Chegg's addressable market is rapidly growing through international expansion.

Chegg has long been a U.S.-focused e-learning company. Over the past few years, though, the company has made investments into international markets, including non-English speaking countries, thereby expanding the total addressable market from 36 million U.S. high school and college students... to 102 million global students.

This is more than just expansion, too. It's execution. Management didn't break out the numbers, but they did say that the platform has seen explosive growth so far in 2020 throughout Europe, South America, and parts of Asia.

Broadly, then, ***Chegg is turning into a virtualized student resource center on a global stage, at the exact time the education world is pivoting toward virtualized offerings.***

Sound like a winning recipe? It is.

And the potential upside isn't small.

Thanks to the company's enormous addressable market, huge first-mover's advantage and hyperscalable SaaS business model, my numbers say that Chegg is a \$100 billion-plus company in the making.

A Hyperscalable Play on the Mobile Boom

Are you ready for the smartphone to take over the world in the 2020s?

Sure, you might argue that the smartphone is already everywhere. More than 80% of Americans own a smartphone, and we spend more than 3 hours per day on those phones.

But, as rock group Bachman-Turner Overdrive said in the 1970s, *you ain't seen nothing yet...*

Thanks to breakthroughs in 5G, edge computing, IoT, and VR/AR, smartphone usage and capability are going to expand dramatically over the next 5 to 10 years.

Critical advancements in 5G and satellite-based connectivity are expected to spark **55%** smartphone user growth globally by 2025.

Over that same stretch, the smartphone games market is expected to grow more than **90%** on the back of next-gen AR/VR and cloud gaming tech...

Mobile advertising spend is expected to surge **120%**...

And the mobile commerce market is projected to explode higher by **270%**.

In other words, if the 2010s were the decade when we started to fall in love with our smartphones, **then the 2020s will be the decade when we start to use our smartphones for everything.**

To play this mobile boom, we've identified one small hyperscale stock that could soar several thousand percent as the world sprints into a mobile-dominated era.

Few stocks are as attractively positioned to ride the 2020s mobile boom to explosive gains as **Digital Turbine (APPS)**, which is **a unique investment with 30X return potential.**

At first glance, the Digital Turbine business model might seem... well... annoying.

The \$5 billion mobile app company has a core software platform, DT Ignite, that gets built into smartphones that are made by its partner OEMs (like Samsung) and/or deployed under its partner wireless carriers (like Verizon).

Before consumers ever open those phones, Digital Turbine's Dynamic Installs software pre-installs apps onto the phones (called Native App Preloads). Once consumers open those phones, DT's Set Up Wizard asks consumers if they want to install various different apps. Then, once consumers operate those phones, DT's platform leverages user browsing and app usage data to suggest and/or directly install apps related to the consumer's interests.

It's basically a targeted advertising platform, for apps, pre-installed onto phones.

Sounds annoying, right? Who wants an app on their phone, to install more apps?

But, just like targeted advertising, **it's also pure genius.**

Most of DT's revenues come from the Dynamic Installs business. This is an entirely pre-paid business. And while consumers might not like their phones coming packaged with pre-installed apps, the likes of Verizon, AT&T, Samsung and Lenovo aren't going to stop doing it because it's a highly lucrative business opportunity for them.

After all, if you're an app maker, the hardest thing to do is get consumers to install your app... and you'd pay an arm and a leg for DT Ignite to conquer that hurdle for you.

At the same time, most people won't delete the DT platform, for a variety of reasons.

One, many consumers don't want to take the time to uninstall the software. Two, they might not know how to do that. Three, they might actually enjoy the data-driven app recommendations, just like many people actually enjoy data-driven Facebook ads.

In this sense, ***Digital Turbine's business model is a winning one.***

The numbers speak for themselves.

Since 2016, DT's phone install base has grown by **~500%**, revenues are up **~250%**, and gross profits are up **~300%**.

The mobile boom of the 2020s will only accelerate this growth narrative.

This idea of Native App Preloads as an "ad model" for smartphones is relatively new. But it's catching on quick. DT's install base represented just 3% of total smartphones in 2016. Last year, that share had grown all the way to 13%.

Assuming this share expansion persists as more and more carriers and OEMs are attracted to the economic benefits of the Native App Preloads model, then DT could expand share by another 30 *points* over the next decade to *40%-plus*... in a smartphone market that's growing by *10% per year*... implying potentially **600%-plus** install base growth.

At the same time, the amount of revenue DT makes from each phone will go up over time, too, as the company cross-sells other recurring services. Gross margins will rise with higher unit ad inventory prices. Net profit margins will expand even more, on the back of positive operating leverage from the hyperscalable, ad-like business model.

Add it all up, and **Digital Turbine could grow profits by nearly 3,000% to \$500 million by 2030.**

Digital Turbine stock could explode higher by that much, too.

In this sense, Digital Turbine stock is a **potential 30-bagger**. You don't see many of those lying around, so it may be wise to take advantage of this unique hyperscale investment opportunity now.

When Hyperscale Meets AI

Shopping online has enhanced our lives and changed the way we buy things. Leaving your home to rub shoulders with strangers in crowded stores and spend hours window-shopping is a thing of the past. Modern convenience lets you shop online where you can browse hundreds of options in minutes.

And yet, 90% of retail sales in the U.S. still happen in store... why?

A few reasons.

Consumers like to try things on, and touch and feel products. Some consumers also enjoy the social element of going to the mall.

According to a 2017 survey from Tulip Retail, however, ***one of the most important benefits of in-store shopping is the sales representative***. About 80% of that survey's respondents said that in-store associates were either "important" or "very important" to the shopping process.

In other words, today's consumers want personalized shopping experiences, complete with personalized assistance to help them pick the right products.

E-commerce has not offered this personalization... *until now*.



Breakthrough innovations in AI technology are enabling a new era of conversational commerce, wherein companies can personalize their online customer experiences with smart “chatbots” that replicate in-store associates.

One small, hyperscalable tech company is at the heart of this AI-powered conversational commerce revolution – and as a result, looks like a potential 10X investment opportunity in the 2020s.

Indeed, it appears as though the revolution in conversational commerce is well under way. And it begins with the chatbot...

Think of a chatbot as a virtual assistant. It's simply an automated messaging system programmed to respond according to consumers' varying inputs.

Online chatbots are nothing new.

In fact, they've been around for as long as the internet. Back in the early 2000s, AOL had a chatbot named SmarterChild.

But those chatbots were "dumb" – they didn't know how to reply, provided very little help to the customer, and, if anything, actually worsened the customer experience.

Over the past few years, though, breakthrough advancements in Natural Language Processing (NLP) and AI technology have *dramatically improved the effectiveness of chatbots*.

Today, talking to a chatbot actually feels like talking to a real and smart person, who can provide real and meaningful advice, and help you make a purchase.

Behind these advancements in conversational commerce is a \$4 billion technology company aptly called **LivePerson (LPSN)**.

LivePerson is a conversational AI company, which uses smart chatbots, automation, and data-driven logistics to help companies converse with their customers across all online channels.

The company powers both third-party and native messaging, as well as social media communications.

Ever had a chatbot pop up the first time you went to a website? It was probably powered by LivePerson.

Ever received an automated message on Facebook Messenger from a business? It was probably powered by LivePerson.

With over 18,000 customers that include some of the largest companies in the world like Home Depot, T-Mobile, and Delta, *LivePerson is the technology backbone of conversational commerce*.

Why is that important?

Because studies show that companies that appropriately incorporate AI-powered conversational commerce into their online selling channels see a four-fold lift in sales conversion rates.

That's huge – big enough that every company in the world will inevitably adopt and deploy conversational commerce tools over the next decade. Yet, according to Adobe, only about 30% of companies currently use AI-powered chatbots.

In other words, this market has huge growth potential. Every major market research firm – from Adroit to DataBridge to MarketsAndMarkets – sees the conversational commerce market growing more than *30% per year into 2025*.

All that growth will be powered by LivePerson – the unrivaled technology leader in AI-powered conversational commerce.

The company's revenues in 2019 were just \$291 million. The addressable market measures somewhere around \$60 BILLION.

Over the next few years, management is guiding for 25%-plus revenue growth. Moreover, this is a hyperscalable, software business model with a high-gross margin business (75%) and plenty of room for scale to drive net profit-margin expansion.

Big picture: LivePerson will grow revenues by 25%-plus per year over the next few years, and will grow profits by a lot more than that... ***closer to 50%-plus per year***.

That's the sort of growth profile that will generate enormous returns in LivePerson stock.

So, if you're looking for an explosive, hyperscale small-cap AI stock to supercharge your portfolio in the Roaring Twenties, LivePerson stock is worth a look.

A Hyperscalable Picks-&-Shovels Play for Mobile Esports

If you've ever played a free mobile video game before, you've probably asked yourself the question: How in the world does this game make money?

The short answer: **it doesn't**.

As it turns out, all those intrusive ads that you never click on and all those "special" items in the game that you never pay for, *don't make the video game publishers a lot of money*.

Excluding the world's top 100 mobile games, the average revenue per install for 99% of mobile video games hovers below 25 cents.

The average cost per install? Almost \$5.

In essence, 99% of mobile video games out there are *losing over \$4 every time someone installs the app*.

The economics of mobile gaming are broken.

Yet, demand for mobile gaming is surging, with mobile gaming revenues soaring by 20% per year over the past five years.

Clearly, then, there exists an enormous opportunity for a new business model to emerge, fix the economics of mobile gaming, and allow game publishers to reap the rewards of surging demand.

Indeed, that is exactly what's happening right now, thanks to the emergence of **mobile esports**.

In essence, mobile esports allows gamers to make money by playing their favorite skills-based video games. The gamer pays an entry fee into a competition or tournament, that competition or tournament plays out, and the winner takes home prize money.

From an economics perspective, ***it's a genius shift***, because mobile esports pivots the business model from selling intrusive ads and annoying “pay-to-win” items, to taking a commission off an entry fee – that has been shown to meaningfully increase revenue per install.

Meanwhile, ***it's also a genius shift from an engagement perspective***, because at the end of the day, humans like to compete with each other, and they like to win money. Mobile esports gives them an easy, fun, and low-friction way to do both at the same time.

In other words, the writing is on the wall here: **Mobile esports is the future of mobile gaming.**

Yet, mobile esports revenues today account for *just 25%* of mobile gaming revenues... and mobile gaming revenues are projected to keep growing by over 10% per year for the foreseeable future... implying enormous growth potential for the mobile esports category over the next several years.

We've identified a hyperscalable “picks-and-shovels” play on the emerging mobile esports megatrend – a small, freshly public stock with an opportunity to soar over the next decade as mobile esports goes from niche to mainstream.

Think back to the California Gold Rush of 1849, when thousands of miners rushed out West to strike it rich.

Very few did.

But the shops who supplied picks, shovels, and other necessities to prospective gold miners did make it out rich – with the implication being that the one of the best ways to invest in an explosive megatrend is by buying stock in the industry's suppliers.

Nearly 200 years later, we've found the company that supplies the “picks and shovels” for the mobile esports industry: **Skillz (SKLZ)**. This company is building the mission-critical technology infrastructure behind competitive gaming.

The Skillz business model is pretty easy to understand – and also hyperscalable.

The company supplies the **mission-critical, technology infrastructure**, which allows any old competitive, skills-based game, to turn into a mobile esports title with real-money competitions and tournaments.

So... let's say I'm a mobile developer who made a skills-based card game back in 2015... but that card game has struggled to sell ads over the past few years. I could tap Skillz to integrate my gaming source code with the company's tech platform to seamlessly turn my card game into a mobile esports platform with real-money wagers and prize tournaments.

Why would I do that?

Because Skillz has a proven track record of meaningfully improving mobile gaming economics. The average revenue per user of games built on the Skillz tech platform hovers above \$6, versus less than \$2 for ad-based games.

Perhaps more importantly, why would I choose Skillz to help me transition to mobile esports, and not some other company?

Well, beyond the obvious that Skillz has the best track record in the space, the company's core tech platform is also built on a proprietary anti-cheat algorithm.

Because cheating is unfortunately super common in mobile esports, a strong anti-cheat algorithm is *the most important piece* of any mobile esports game.

And, because anti-cheat algorithms are only as good as the data that informs them, Skillz' robust repository of cheating data built up from years of developing mobile esports games has given the company **the industry's best anti-cheat algorithm**.

In other words, if I'm a mobile game developer looking to either transition my old games to mobile esports models and/or create entirely new esports titles, the chances are tremendously high that I'm going to do so on top of Skillz' core tech platform.

A lot of mobile game developers are going to do both of those things over the next few years – to the point where **Skillz could become the ubiquitous technology backbone of mobile gaming**.

This is a \$77 BILLION and rapidly growing industry.

Skillz' market cap is just \$8 billion today – and because Skillz is a hyperscalable company that sells the same technology software platform to various customers, the company has an enormous opportunity to turn into \$50-plus billion company one day.

A Hyperscale Intelligence Economy Pioneer

Over the past decade, multiple mini “economies” have emerged as technology has redefined the way we do things.

The *sharing economy* with Uber and Lyft. The *passion economy* with YouTube and Patreon. The *cloud economy* with Amazon Web Services and Microsoft Azure. The *influencer economy* with Instagram.

But one economy trumps them all, mostly because it’s the only economy that is relevant to everyone in business: **The Intelligence Economy**.

Thanks to an explosion in the volume of data a business generates every day from customer transactions, feedback surveys, social media impressions, so and so forth – as well as dramatic advancements in our ability to process and understand that data – there has been a massive pivot in enterprises toward intelligent, data-driven decision making.

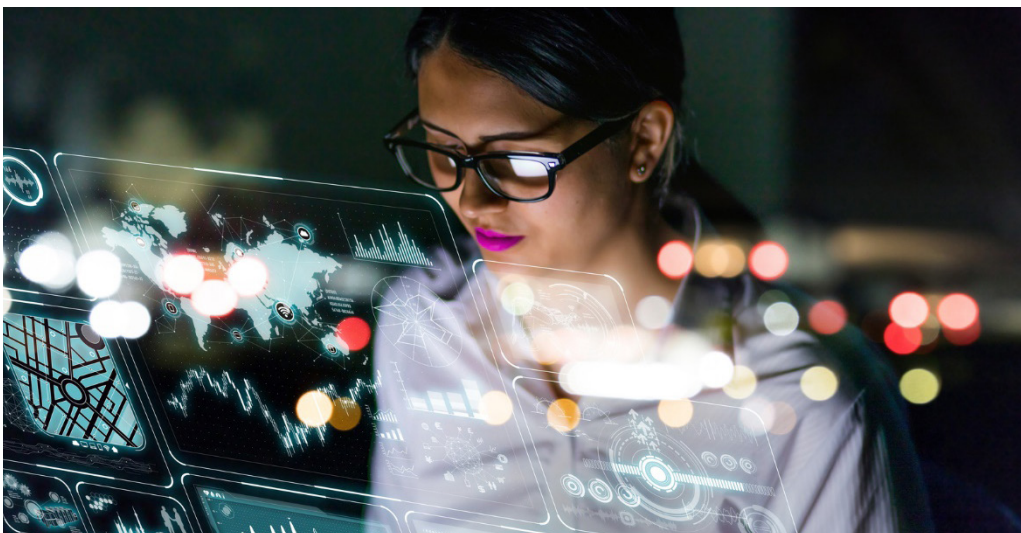
That’s the Intelligence Economy.

An economy defined by businesses gathering data, analyzing that data, and making smarter, better business decisions because of that data.

Of course, turning data into insights isn’t easy – and the emergence of the Intelligence Economy has sparked a surge in demand for analytical services and tools that help companies do just that. Turn data into insights.

This demand isn’t going away anytime soon. If anything, it’s only going to getting bigger... and bigger... and bigger.

As it does, the Intelligence Economy megatrend will birth multiple big-time winners in the data analytics space. And, at the forefront of this space, will be our next pick.



When it comes to the Intelligence Economy, the unrivaled leader is a \$27 billion, hyperscalable data analytics platform called **Splunk (SPLK)**, a machine data analytics platform **that's purpose-built for everyone**.

Through its **Data-to-Everything** platform, Splunk offers various services and tools which enable enterprises to seamlessly capture, aggregate, monitor, and analyze data from various sources, with a seemingly infinite number of end-applications, including security, consumer experience, product development, marketing, etc.

It's basically "the platform" for enterprises to turn data into action.

Gradually, Splunk's Big Data tools are morphing into a "must-have" for enterprises in today's increasingly data-driven world.

Long story short, there's a ton of data out there and all that data contains a ton of valuable information that can improve processes across every major enterprise vertical. Extracting all that information from all that data used to be a luxury. Now, it's a necessity for the enterprise, because if a company doesn't do it, they will be left behind on *every single front*.

So, over the next several years, demand for Splunk's Big Data services will broaden out to encompass almost every enterprise out there. At the same time, current customers will up their spend on Splunk, because the volume of data these customers are generating is growing exponentially with the rapid proliferation of data-collecting smart devices and apps.

Net net, over the next five to ten years, Splunk will turn into a **necessary Big Data analytics tool for enterprises**, on which enterprises will **spend a ton of money** to extract all the information they can from all the data they have.

Ultimately, these secular trends imply that Splunk – which has grown revenues at a 30%-plus clip for the past several years, ex Covid-19 impacts – will remain in hypergrowth mode for a lot longer.

It also helps that, as a pure software company, Splunk operates at *90% gross margins*. This is a hyperscalable business model that – with time – will lend itself to enormous profits.

As go profits, so go stocks.

Splunk stock will be no exception. This hyperscalable Big Data company will turn enormous profit growth over the next several years into enormous share price returns.

A Hyperscalable Social Media Manager for Brands Everywhere

Let me ask you a simple question: How do you discover new brands and products?

Do you still use magazines and physical catalogs? Or are you an Amazon.com person? Maybe you use Google?

Well, if you're like most people, the number one way you discover new brands and products isn't any of those things.

Instead, it's through **social media**.

About 3.4 BILLION people across the globe are plugged into social media. Of those 3.4 billion people, 80% use social media to discover new brands... and more than 75% have bought a product because of a social media post or interaction.

Indeed, a recent Square survey asked 1,800 U.S. consumers what the number one way was they discovered new businesses.

The most popular answer? Facebook – and it wasn't close.

Social media has taken over our lives. Not just our social lives. But it's taken over the way we discover and shop, meaning that it is more important than ever for brands to have a relevant and meaningful social media presence.

But they don't – only 5% of the 90 million businesses on social media use software to manage their social media presence.

Fortunately, ***one small-cap technology company is changing that***, and pioneering a new software solution which will see huge adoption over the next several years.

For consumers, social media is a ton of fun. For brands, it's a ton of work.

The average big brand manages 18 different social profiles across various networks. Every. Single. Day. That's 18 different places where brands have to post content, respond to customers, monitor activity... and *do all of that*, ***all of the time***, because social media never sleeps.

Brands have to make sure they don't mess up, either. A quarter of U.S. consumers say they would boycott a brand because of a negative social media interaction.

In other words, social media management is an immense and mission-critical undertaking for any organization. These organizations need help. And that's exactly what a small, \$3.5 billion company called **Sprout Social (SPT)** is offering.

And in a social media dominated world, Sprout Social has HUGE potential.

Sprout has created a suite of social media management tools, which together make the social media process so much easier, more rewarding, and more valuable for brands.

The tools themselves are pretty simple. There are four big ones:

- 1. Listening** – Sprout enables brands to “plug” into conversations regarding their brand on social media, and turns this social data into actionable insights.
- 2. Publishing** – Sprout’s centralized and streamlined publishing tools allow brands to organize, schedule, and deliver content across multiple social profiles and sites, all from one place, all at the same time.
- 3. Engagement** – Sprout’s response management and monitoring tools enable brands to track social conversations about their brand, and dynamically respond to customer questions and complaints.
- 4. Analytics** – Sprout measures and tracks the performance of various social interactions and posts, so that brands can see what is (and what isn't) working.

Together, these four solutions give brands everything they need to be enormously successful in social media marketing.

And that's a big deal... there are 90 million businesses that are active on social media across the globe... all of them could use Sprout's social media management tools.

Sprout has 23,000 customers today, including Shopify, Subaru, and the Chicago Bulls. That's a decently large number – up almost 30% since 2017 – but it pales in comparison to the 90 million businesses that have a need for Sprout's solutions.

And there's a ton of white space here for the company to grow.

Which is precisely what the company has done so far. In the past two years alone, revenues have risen 130% to just over \$100 million.

This big growth won't disappear anytime soon. Thanks to robust social media engagement tailwinds, Sprout has the potential to grow revenues by 1,000% OR MORE over the next few

years. At the same time, this is a highly scalable, software subscription business with 75% gross margins... which will turn 1,000% revenue growth into **even bigger profit growth**.

You'd be hard-pressed to find that magnitude of profit growth potential *anywhere* in the market.

A Hyperscale Play on the Streaming TV Revolution

Did you know that **4 out of every 5 households** in the U.S. have either a Netflix, Amazon Prime, or Hulu video subscription?

Talk about rapid disruption.

Netflix started the streaming TV revolution in 2012 when the company launched a standalone streaming service. Eight years later, we're all binge-watching *The Queen's Gambit*.

It's easy to look at this level of streaming service ubiquity and say the streaming TV revolution has already happened.

But it hasn't...

The streaming TV revolution is actually only halfway done.

Because guess what: **most of us still haven't cut the cord**.

Over 60% of U.S. households still pay for cable TV, with the most common entertainment mix today being Netflix *and* cable TV, because we still like live TV and sports – two things which today's biggest streaming services don't give us.

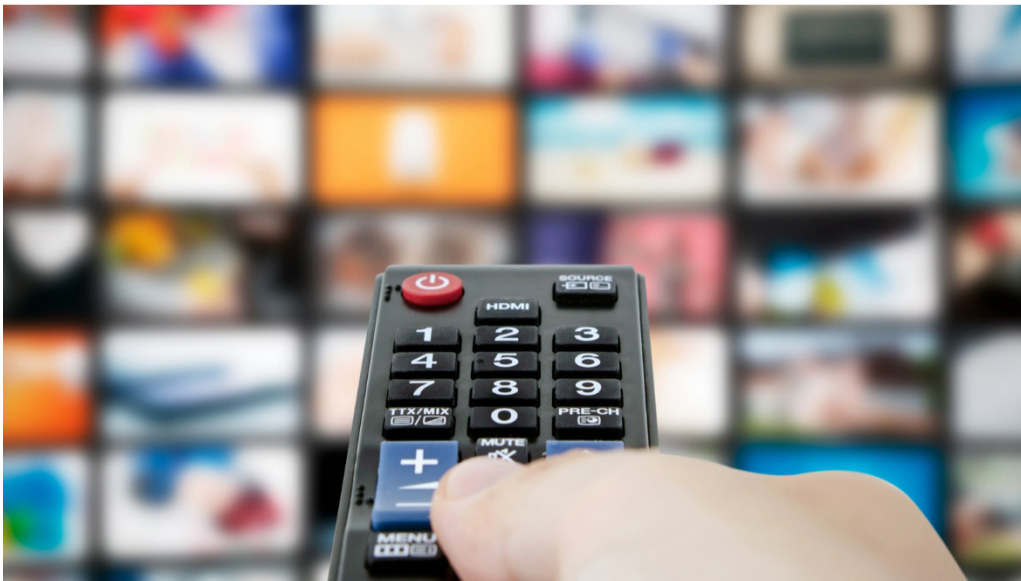
But that's all changing...

A new class of live TV streaming services is emerging which have sufficient live TV and sports content firepower to get all of us to cut the cord, make pay TV obsolete, and complete the streaming TV revolution.

The time to invest in these new live TV streaming services is **right now**, with a compelling pure play on live TV streaming disruption.

There are a lot of live TV streaming services out there.

YouTube TV. Hulu with Live Sports. Sling TV. So on and so forth.



Together, these live TV streaming services are allowing customers to watch all of their favorite live TV shows and sporting events, without needing a cable box or messy wires, and at a fraction of the price of traditional linear TV (which runs north of \$100 per month, versus \$60 or less for many of these live TV streaming services).

Because their advantages are so obvious and so large, this emerging class of live TV streaming services will **rapidly disrupt** the TV industry over the next decade.

By 2030, none of us will have cable TV – we will all be subscribed to some mix of Netflix, Disney+, and one of these live TV streaming services.

It's an enormous disruption which very few people are talking about today.

The market's best and only pure-play on this live TV streaming revolution is a small, freshly public company by the name of **fuboTV (FUBO)**.

FuboTV is a live TV streaming service operator, much like YouTube TV and Sling TV. But the cool thing about this company is that in the live TV streaming world, fuboTV gives consumers the most bang for their buck.

That is, the fuboTV entry-level package includes 113 channels – including all of the live sports and big news channels – for just \$65 *per month*.

YouTube TV has the same price point... for just 85 channels.

Hulu is \$10 cheaper... for about half as many channels.

Sling TV costs only \$30... for roughly 40 channels, with a hit-or-miss portfolio of live sports and news channels.

In other words, **fuboTV is the live TV streaming world's closest and most economically sensible analog to linear TV.**

Customers are starting to resonate with this unique fuboTV value prop, as they look to finally and fully cut the cord.

Last quarter, fuboTV grew its paying subscriber base by **58%**, on top of 42% growth in the year-ago quarter.

This growth story is just getting started.

FuboTV ended the third quarter of 2020 with 455,000 paying subscribers. There are over 120 million TV households in the U.S. alone. Given the platform's early traction and unique value prop, it's easy to see fuboTV scaling to 10-plus million subscribers over the next few years, as the whole country pivots from linear TV packages to live TV streaming services.

10 million subs... \$65 monthly price points... maybe 20% to 30% operating margins as economies of scale kicks in...

Add it all up, and fuboTV has visibility to netting over \$1.5 billion in profits within the next few years.

A simple 20X multiple on that imputes a \$30 BILLION future valuation for fuboTV.

The market cap today hovers around \$1.9 billion.

That's big enough upside potential to make fuboTV stock a compelling play on the live TV streaming revolution of the 2020s.

Best regards,

A handwritten signature in black ink, appearing to read 'Luke Lango', with a stylized, flowing script.

Luke Lango
Editor, *Innovation Investor*